AIR POUCH
PRIORITY

UNCLASSIFIED
(Security Classification)

DO NOT TYPE IN THIS SPACE
845H.00/10-951

FOREIGN SERVICE DESPATCH

(17)

FROM : AMCONSUL, LAGOS, NIGERIA 159
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. October 9, 1951
DATE

REF : OOT61

34 For Dept. Use Only rf	ACTION *COMM	DEPT.
	REC'D NOV 5	INFO REP EUR *NEA OLI *E UNA OTHER FPC *AG DPA ECA FRB ICC *IN *LAB NLRB NSRB OPS *TAR TR XMB BU CL

SUBJECT: Quarterly Economic Report, Third Quarter, 1951, Nigeria and the British Cameroons.

In the third quarter of the year there was a softening of prices and demand for an important sector of Nigerian export production particularly for rubber, timber and cotton. In spite of this the export demand continues to be favorable and no difficulty was foreseen in selling all raw materials. The crop outlook for the coming season was favorable and prices of internal foodstuffs dropped considerably. Difficulties in obtaining required imports increased although no serious shortages developed.

As is normal in the third quarter of the year the value of exports may be expected to be below that of the first two quarters owing to the fact that export crops were exported prior to July 1st. Owing to the increased demand in timber and rubber the decrease should not have been as large as in normal years.

Ports were seriously congested and considerable loss was encountered by shipping companies. The slow turn-around contributed to increases in freight rates. There were accidents in the Nigerian railways which caused the loss of two locomotives for an indefinite period of time pending repair.

Wholesale and Retail Trade

ELITE

Wholesale and retail trade languished owing to the greater part of funds accumulated from the last crops having been spent and owing to increased reluctance to buy imports at increased prices. There was a certain amount of buying against anticipated price increases although the deterioration of goods in Nigeria limits this tendency to a certain extent.

Prices of internal foodstuffs declined appreciably and in the north fell below prices of a year ago. Decreases also occurred in the south although to a lesser extent.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 7/16/82
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☐
RELEASE DENIED☐
EXCEPTIONS

FILED
NOV 14 1951

845H.00/10-951

EDCrowley:mos
REPORTER

UNCLASSIFIED

ACTION COPY - DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

UNCLASSIFIED
(Classification)

Foreign Trade

Statistics are not yet available for imports and exports during the third quarter of the year. Imports during the first half of the year were valued at £35,871,225 of which goods valued at £15,978,895 were imported during the first quarter of the year. The considerable increases in imports during the second quarter were attributable to increased prices and to a limited extent to increased imports. The tonnage of goods unloaded at Nigerian ports was 30,000 tons greater during the second quarter than the first. Imports from the United States during the first 6 months of the year were valued at £1,634,590 continuing the rate of the first quarter while Japan held its place as the second most important source of imports. The latter's share of the second quarter's imports fell considerably below the first quarter while the Netherlands and the Possessions increased their importance as suppliers — largely owing to appreciable imports of petroleum products from the Dutch West Indies. Germany showed signs of returning to its prewar importance as a supplier, selling goods valued at £1,653,747 during the first half of the year, compared with a total of £1,421,722 during the year 1950.

The Nigerian Government has authorized the import of 300 American trucks this year and if they are received will probably constitute the most important single purchase from the United States this year. This authorization was granted owing to the impossibility of obtaining an adequate supply from the United Kingdom which was the largest source of trucks since the end of the war.

The value of exports during the first 6 months of 1951 was £73,804,178 compared with exports valued at £77,354,724 for the entire year of 1950. The value of exports during the second quarter was up about 20% over the first quarter.

United Kingdom continues to be the major destination of exports having been shipped goods valued at £54,507,515 during the first half of the year while the United States continues to be in the second place with purchases valued at £12,824,211. No other single country received more than £2,000,000 worth of Nigerian goods. Thus exports both to the United Kingdom and the United States were valued higher during the first half of 1951 than during the whole year 1950.

Agriculture

There were excellent rains throughout the country during the third quarter of the year and the crop outlook was excellent. Deliveries of foodstuffs, particularly in the Northern Provinces, were above average and prices fell considerably below those of the

UNCLASSIFIED
(Classification)

third quarter of 1950. In the South prices also fell but rarely below the prices of a year ago. Favorable conditions were also observed for the coming peanut and cacao crops although for some unexplained reason deliveries of palm products were not up to those of the past two years (which were well above normal). The greatest danger was that there should be too much rain.

Cocoa

The 1950-1951 cocoa season closed on September 20 in the Western Provinces and on September 7 in the East, total purchases having been 110,400 long tons* compared with 100,000 long tons in the previous crop year. The Cocoa Marketing Board met in August and set the purchasing price for the coming year at £170 per long ton, Grade I, main crop and at £165 per long ton for Grade I, light crop, compared with £120 for the main crop and £115 for the light crop during the previous season. This very steep increase resulted from the high selling price on the international market which had produced high profits for the Board. The Board also decided to increase bounties for the cutting down of diseased trees from two shillings to four shillings per tree. In addition a bounty will be paid for the planting of other crops in areas which are no longer suitable for cocoa after cutting over.

The outlook for the coming crop was excellent and although there are numerous factors which may reduce the crop commercial circles will not be surprised if the next crop is a record one for the country.

Palm Products

Deliveries and exports of palm products were below the previous year exports having been 76,710 long tons of palm oil and 163,035 long tons of palm kernels through June 30, 1951 compared with 73,727 long tons of palm oil and 171,873 long tons of palm kernels in the previous year. It was expected, however, that the crop will be what is considered normal. The high percentages of deliveries in Grade I were encouraging and it was decided to delete Grade IV from the list of acceptable qualities. Legislation was presented to the Legislative Council in August creating the West African Oil Palm Research Institute. All of the British West African Colonies will contribute to the support of the Institute with headquarters at the present Oil Palm Research Station at Benin. Most of the funds will be contributed by the Nigerian Oil Palm Produce Marketing Board.

Peanuts

Only a small quantity of peanuts remained in Kano at the end

*This and all tonnage figures are in long tons of 2240 pounds.

of August. Rains during the second quarter were excellent in the Northern Provinces and the outlook is for an excellent crop of upwards of 300,000 long tons. The peanut price for the coming season was set at £36 per ton which is higher than the provisional price set in the spring of this year. This considerably increased price was set largely to discourage the shipment of peanuts over the border into French Territory. Normally some of the French crop comes into Nigeria but owing to the price structure of last year very little movement in that direction occurred. In view of an anticipated increase in cotton acreage there may be a certain reduction in the area devoted to peanuts.

Cotton

Cotton seed was distributed for the 1951-1952 crop which promises to exceed last year's record crop. It is estimated that the next crop will exceed 80,000 bales of 400 lbs. each. A small part of the last crop was exported to the French Camerouns for the manufacture of cotton yarn which will be returned to Nigeria.

Rubber

There was a definite slump in the rubber trade during the third quarter owing to decreasing world prices. Owing to the poor quality of the Nigerian product there is very little market for it in the United States. The greater part of exports are destined for the United Kingdom although over four million pounds were exported to the United States during the first half of the year. Next in importance was Czechoslovakia which received over a million and a half pounds.

Hides and Skins

There was a drop in the market in addition to drops which occurred in the previous quarter. First grade goatskins dropped to £0-5-6 per pound with relatively little demand at that price. While exports of cattle hides during the first half of 1951 were almost doubled those for that period in 1950 exports of untanned goatskins were little more than a third of those for the first six months of 1950. The quality of hides purchased during the third quarter was below normal as is generally the case during the wet season.

Forest Products

The forest products market was dull with demand considerably below that of the previous year. This was particularly true of the hardwoods owing to a decreased demand resulting from cuts in the production of luxury products brought about by defense programs throughout the Western World. Exports of softwoods continued, however, to be substantially above 1950 figures. Exports of West

UNCLASSIFIED
(Classification)

African Mahogany during the first half of the year were only a third of those for the previous year.

Mining and Petrol . Products

Tin concentr.. .oduction continued at about the same rate as in 1950 with little .kelihood that production this year will exceed that of the previous year. Columbite production was at a rate slightly higher than in 1950.

The production of coal was impeded by labor troubles and go-slow strikes which promises to limit output this year to about last year's level. Transport difficulties, both rail and sea, produced local shortages throughout the country although stocks at the mine were adequate. Exports to the Gold Coast were cut drastically causing a serious shortage of coal in that country. The outlook for coal mining in Nigeria is not favorable and it seems likely that it will continue to suffer setbacks.

Contrary to expectations the proposed lease between the Nigerian Government and a prominent American firm for the exploitation of lead-zinc deposits in Eastern Nigeria was not presented to the August session of the Legislative Council for approval. This was a source of disappointment to the American firm since it is unlikely that it can be acted upon now before next year. A number of Cornish miners arrived in Nigeria for work on the deposit site.

The first boring of an oil well by Shell D'Arcy, Ltd. was begun during the third quarter following a number of years of exploration. This project has attracted considerable interest since Africa is particularly short in fuel supplies. In spite of the troubles in Persia petroleum supplies were more than adequate. It was announced that Anglo-Iranian plans to enter the West African market in addition to the present four firms operating. It was understood that that firm plans to construct its own facilities in competition with the Oil Storage Company which serves all firms at the moment.

Transport and Communications

Two locomotives of the Nigerian Railways were seriously damaged in accidents and a slow-down strike hampered operations. The inadequacy of the railways in the handling of traffic became increasingly evident. Like the Collieries the Railways seem to have almost insoluble labor problems.

During the first half of 1951 512 ships called at the ports of Nigeria and the British Cameroons compared with 453 during that period in 1950. Congestion was more serious than ever before with little hope of relief until 1955 when new wharves are to be completed at Lagos. The situation was so serious that Farrell Lines (an

UNCLASSIFIED

American firm) canceled all calls at Port Harcourt.

In the first half of 1951 1263 planes on international routes called at Nigeria's airports compared with 1179 during the same period in 1950. This increase in international traffic was accompanied by similar increases in internal traffic. The construction of a new air terminal at Kano was announced.

Foggo Bridge was completed during the third quarter on the road connecting Kano and Maiduguri. This bridge is 1200 feet long and is reputed to be the longest in West Africa. It is located on the new road towards which the Economic Cooperation Administration is contributing in connection with improved communications with the French Tchad.

Manufacturing

The proposed construction of a bag and spinning mill at Onitsha by the Colonial Development Corporation and the Cocoa Marketing Board was in abeyance owing to unsatisfactory reports from experiments on the local fiber which was to be used.

The two textile mills (one in Kano and one near Lagos) recently completed experienced difficulty in procuring adequate supplies of yarn resulting in a reduction of production. In an effort to alleviate the problem a small portion of the last cotton crop was shipped to a spinning mill at Douala in the French Camerouns (See the section of this report on agriculture).

It was announced that the Nigerian Tobacco Company produced 700,000,000 cigarettes at its plant at Ibadan during 1950. 450,000,000 cigarettes were imported during that year. Thus the greater part of Nigeria's cigarette consumption is produced domestically.

Labor

There continued to be labor friction within the railways and collieries to which there has been no final solution. A new Colliery Union was formed replacing the defunct union which formerly existed.

Mr. Nduka EZE, the pro-Communist former labor leader, was tried for fraud although his case is not yet completed.

The Nigerian Labor Congress was reorganized replacing Mr. Eze by Mr. F. O. PORBENI, Secretary of the Public Utility Technical and General Workers' Union, as General Secretary. Mr. M. A. O. IMOUDU, President of the Railway Workers Union retained his position as President of the Congress. At a subsequent meeting it was decided to sever relations with the WFTU although at the same time the Congress

declined to take steps towards affiliating with the ICFTU. The finances of the Congress continued to be poor and its influence on the labor scene negligible. The Congress also decided to break its official connection with the political alliance which has a majority on the Lagos Town Council and indicated its desire to run candidates in the coming election on a labor "Socialist" ticket. There was opposition from several members of the Central Committee of the Congress to the withdrawal from the WFTU although the motion carried without difficulty. The influence of the labor movement in Nigeria continued at low ebb and it remains to be seen whether the reformed Congress will be able to remedy the situation.

Development

A bill was passed by the August session of the Legislative Council authorizing the transfer of the development responsibilities of the Cocoa Marketing Board to the various regional Production Development Boards. This leaves only the Cotton Board which retains responsibility for development from its funds. The Production Development Boards were reorganized to allow representation of cocoa interests.

Of indirect interest to Nigeria was the failure of the Colonial Development Corporation's experimental fisheries ship which had been working off the coast of West Africa for some time. It was announced that results of this project were unsatisfactory.

It was announced that the Cameroons Development Corporation made during the financial year just past a profit of £280,000 before deductions of income tax. Since its inception, the Corporation has invested £600,000 in development and has supplied £130,000 in revenue to the Central Government. During the past year a loan of £700,000 was raised, £500,000 from the Nigerian Government and £200,000 from Barclays Overseas Development Corporation.

A large scale program was announced for developing electricity production in Nigeria. The program envisages the expenditure of over £6,000,000. A new power station is to be built a short distance from Enugu to serve Enugu, Onitsha, Ilesha, Ibadan and Lagos. The main power station will consist of two 30,000 kilowatt generators.

Finance

In September the Nigerian Government floated a loan of £6,500,000 on the London market at 3½% without any difficulty. This loan was floated for the financing of development expenses.

At the August meeting of the Legislative Council the Financial Secretary read a long report on the price situation in Nigeria and outlined the Government's plans towards coping with it. He explained

why price controls would not work and reasserted the Government's policy of permitting as few wage increases as possible. He stated that thanks to the Government's policies and the good crops of this year the food prices have decreased. In spite of the Financial Secretary's statement it is difficult to see how internal food price can be kept down while export prices are constantly increasing.

Legislation

Information concerning legislation at the August session of the Legislative Council is included in separate portions of this report. This session was the last meeting of the Council which will be replaced by the House of Representatives under the new Constitution. This body will meet early in the year but it is not expected that it will get down to work until the budget is ready for presentation in March, 1952. A large volume of important legislation should be presented at that time.

Construction

Supplies of cement showed an appreciable improvement. 138,214 tons were imported during the first half of 1951 compared with 85,490 tons during the first six months of 1950.

The volume of construction in Lagos continued at a high level. John Holt, Ltd. announced its intention of constructing a new and modern building in the business district of the city. An area was cleared for the new Nigerian Supreme Court building. The rate of residential construction was high.

Outside of Lagos no major new construction commenced although several projects made good progress. As was mentioned previously in this report the Foggo Bridge between Kano and Maiduguri was completed.

General Outlook

The outlook for agricultural production is the best in several years and yields should be well above last year for most crops. It may be expected that selling prices will remain stable or fall somewhat during the coming months. Owing to the decreased imports of textiles during the last few months supplies will no doubt become tighter. The same holds true for heavy equipment and motor vehicles. Nigeria is in a favorable trade position, however, and should not suffer any serious shortages for some time yet.

A. W. Childs
American Consul General

AHK

UNCLASSIFIED
(Classification)

Copy to Office of the Administration's Special Representative, Economic Cooperation Administration, % American Embassy, Paris.

Copy to American Embassy, London.